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SYSCAN Technology Holdings Limited

矽感科技控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8083)

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of SYSCAN Technology Holdings Limited (the “**Company**”) will be held at Yue Function Room, First Floor, City Garden Hotel, 9 City Garden Road, North Point, Hong Kong on Thursday, 10 February 2011 at 11:00 a.m. for the purpose of considering and, if thought fit, passing, with or without modifications, the following ordinary resolutions as Ordinary Resolutions:

ORDINARY RESOLUTIONS

1. “**THAT**

- (a) the sale and purchase agreement dated 22 November 2010 (as amended and supplemented by the supplemental sale and purchase agreement dated 6 January 2011) (the “**SPA**”) entered into by (i) the Company as purchaser; (ii) Mighty Advantage Enterprises Limited (the “**Vendor**”) as vendor and (iii) Country Praise Enterprises Limited (the “**Target Company**”) as the target company, a copy of which has been produced to the meeting marked “A” and signed by the chairman of the meeting for identification purposes, pursuant to which the Company conditionally agreed to acquire and the Vendor conditionally agreed to sell the entire equity interest in the Target Company (the “**Sale Shares**”), at an initial consideration of HK\$150,000,000 (the “**Initial Consideration**”) (subject to adjustments), but in any event subject to a maximum consideration of HK\$850,000,000 (the “**Acquisition**”) be and is hereby approved, confirmed and ratified in all respects;
- (b) the issue and allotment of 218,750,000 ordinary shares of HK\$0.01 each (the “**Consideration Shares**”) in the share capital of the Company at an issue price of HK\$0.32 per Consideration Share for the settlement of part of the Initial Consideration pursuant to the terms and conditions of the SPA be and are hereby approved and confirmed;

* For identification purpose only

- (c) the subscription agreement dated 21 January 2011 (the “**Subscription Agreement**”) entered into between the Vendor as investor and the Company as issuer, a copy of which has been produced to the meeting marked “B” and signed by the chairman of the meeting for identification purposes, for issuing certain zero coupon redeemable and convertible bonds in a maximum aggregate principal amount of HK\$700,000,000 (the “**Convertible Bonds**”) for the settlement of the adjusted consideration for the Acquisition be and is hereby approved, confirmed and ratified;
- (d) the issue of the Convertible Bonds having such rights and restrictions as set out below by the Company in various tranches in accordance with the terms and conditions of the Subscription Agreement be and is hereby approved and confirmed;

The Convertible Bonds shall have attached thereto the following rights and privileges and be subject to the following restrictions:-

Aggregate maximum principal amount	:	HK\$700,000,000, which will be divided into various tranches in accordance with the terms and consideration of the SPA and the Subscription Agreement.
Issue and redemption price	:	As part of the adjustment of the consideration of the Acquisition and the issue of the Convertible Bonds is subject to satisfaction of certain targets, as such, the issue price shall be zero. The redemption price shall be the principal amount of the Convertible Bonds.
Interest	:	Nil
Conversion right	:	Holders of the Convertible Bonds are entitled to such conversion rights which allow holders to convert the Convertible Bonds into ordinary shares of the Company of HK\$0.01 each (the “ Shares ”) during the conversion period at the conversion price of HK\$0.32 per Conversion Share, subject to such adjustments as set out below.
Conversion period	:	The Convertible Bonds can be converted at any time before maturity, subject to the restrictions set out below.

- Conversion price : HK\$0.32 per Conversion Share, subject to adjustments as a result of issuance of new Shares (other than the Conversion Shares) by way of capitalization issue, share consolidation or subdivision, rights issue or open offer which lead to changes in the issued share capital of the Company.
- Conversion Restriction : The Vendor and parties acting in concert with the Vendor shall not at any time, hold such number of Shares (including the Consideration Shares, Conversion Shares and Shares obtained through any other way) which would trigger the obligation on the part of the Vendor and its concert parties to make any mandatory general offer for the Shares pursuant to The Codes on Takeovers and Mergers and Share Repurchases.
- Ranking of Conversion Shares : All Conversion Shares issued upon conversion will be fully paid and rank *pari passu* in all respects with all other Shares in issue on the date the name of the holder of the Conversion Shares are entered into the register of members of the Company.
- Redemption : Other than redemption at maturity and upon any events of default, the Convertible Bonds shall not be redeemed at any other time.
- Maturity : Unless previously converted, redeemed or cancelled as provided in the terms and conditions of the Convertible Bonds, the Company shall redeem each Convertible Bond on 31 December 2015.

Voting rights	:	Holders of Convertible Bonds will not have any right to attend or vote at any general meeting of the Company by virtue of their holding the Convertible Bonds. Holders shall be entitled to attend or vote at general meetings only upon conversion of the Convertible Bonds and such right only relates to the Conversion Shares they hold.
Dividend rights	:	Holders of Convertible Bonds will not be entitled to any form of dividends.
Transferability	:	The Convertible Bonds are freely transferable.
Listing	:	No application will be made by the Company for the listing of the Convertible Bonds on The Stock Exchange of Hong Kong Limited or any other stock exchange.

The Conversion Shares to be issued and allotted pursuant to the exercise of the conversion right under the Convertible Bonds are subject to non-disposal undertakings. The Vendor, on execution of the Subscription Agreement, will undertake that it will not transfer or otherwise dispose of any Convertible Bond (excluding the exercise of conversion right) or Conversion Share issued pursuant to the conversion of any Convertible Bonds for a period of six months from the date of issue of the relevant Convertible Bonds without the prior written consent or waiver of the Company.

- (e) the issue and allotment of a maximum of 2,187,500,000 ordinary shares of HK\$0.01 each (the “**Conversion Shares**”) in the share capital of the Company which may fall to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds in full at the initial conversion price of HK\$0.32 per Conversion Share for the settlement of the adjusted consideration for the Acquisition be and are hereby approved and confirmed;

- (f) the placing agreement dated 22 November 2010 (as amended and supplemented by the supplemental placing agreement dated 6 January 2011) (the “**Placing Agreement**”) entered into by (i) the Company; and (ii) Oriental Patron Asia Limited (the “**Placing Agent**”) as placing agent, a copy of which has been produced to the meeting marked “C” and signed by the chairman of the meeting for identification purposes, pursuant to which the Company agreed to place, and the Placing Agent agreed to procure not fewer than six placees for up to 625,000,000 Shares of HK\$0.01 each (the “**Placing Shares**”) in the share capital of the Company at a placing price of HK\$0.32 per Placing Share on a best effort basis, but in any event not less than 375,000,000 Placing Shares (the “**Placing**”), subject to the terms and conditions thereunder, and all the transactions contemplated thereunder, be and are hereby approved, confirmed and ratified;
- (g) the issue and allotment of the Placing Shares by the Company in accordance with the terms and conditions of the Placing Agreement be and are hereby approved;
- (h) the directors of the Company be and are hereby authorized to do all such acts and things, take all steps and execute all further documents which in their opinion may be necessary, desirable or expedient for the purpose of giving effect to and/or implementing the transactions contemplated under the SPA, the Subscription Agreement and the Placing Agreement; and
- (i) the board of directors of the Company be and is hereby generally and specifically authorized to issue and allot the Consideration Shares, the Conversion Shares and the Placing Shares upon and subject to the respective terms and conditions of the SPA, the Convertible Bonds and the Placing Agreement.”

By Order of the Board of
SYSCAN Technology Holdings Limited
Cheung Wai
Chairman

Hong Kong, 24 January 2011

Principal place of business
and head office in Hong Kong:
Unit C, 21/F
Seabright Plaza
9-23 Shell Street
North Point, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the SGM is entitled to appoint another person as his proxy to attend and vote in his stead. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at the SGM. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which such proxy is so appointed. A proxy need not be a member of the Company, but must attend in person to represent the member.
2. In order to be valid, the form of proxy must be deposited at the principal place of business and head office of the Company in Hong Kong at Unit C, 21/F, Seabright Plaza, 9-23 Shell Street, North Point, Hong Kong together with the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney or authority, not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof.
3. Where there are joint holders of any share, any one of such persons may vote at the SGM either personally or by proxy, in respect of such share as if he were solely entitled thereto, but if more than one of such joint holders be present at the SGM personally or by proxy, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of such joint holding.
4. A form of proxy for use in connection with the SGM is enclosed. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the SGM if the member so desires and in such event, the instrument appointing a proxy shall be deemed to be revoked.
5. As required under the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the resolutions will be decided by way of poll.

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheung Wai and Mr. Frank Cheung, and three independent non-executive Directors, namely Dr. Fong Chi Wah, Mr. Wang Ruiping and Professor He Zhiyi.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page of the GEM website for at least 7 days from the date of its posting and on the Company’s website at www.syscangroup.com.